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FM AMEMBASSY PRETORIA

TO RUEHC/SECSTATE WASHDC 2176

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SUBJECT: MINE MISHAP OVERCOME, BUT SAFETY STILL A CHRONIC ISSUE

¶1. SUMMARY: On October 4, South African Harmony's Elandsrand mine rescued 3,200 workers who had been trapped underground for 48 hours. While the workers were not in great danger, the dramatic rescue, filmed in the international media, highlighted growing concerns about mine safety as high commodity prices lure mining companies to mine deeper and reopen old mines. The SAG called for a mining industry-wide assessment of safety risk. End Summary.

¶2. On October 3, a 15-meter compressed air pipe broke off and fell to the bottom of the main shaft at South African Harmony Gold Mining Company's Elandsrand mine, severing electrical connections and trapping 3,200 workers for 48 hours two kilometers underground. By reconfiguring a reserve ventilator and equipment shaft, Harmony was able to rescue all the workers by the night of October 4. Safety regulations require mines to have a second shaft for this kind of emergency. National Union of Mineworker representatives called this a "wake-up call" for mine safety and announced consideration of an industry-wide strike. The SAG closed the Elandsrand mine pending an investigation and called for a mining industry-wide assessment of safety risk.

¶3. COMMENT: Industry observers stated that the workers were never seriously at risk, but the incident dramatized concerns about mine safety in South Africa. South Africa reported over 200 fatalities last year, compared to 67 in the U.S. Four workers were killed in a rock fall at one of AngloGold Ashanti's mines earlier in the week. Harmony is emblematic of mining companies which have responded to rising commodity prices by opening old mines and mining more deeply, taking on greater safety risk. Some companies, like Anglo-American, have rejected the old perception that fatalities were an inevitable cost of business, and have pressured management to place higher priority on mine safety. Harmony is perceived as an aggressive company that exploits mature mines and cuts costs. Harmony was also criticized for delays in the public announcement of the mishap.
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